

**Delta Human Resource Agency**

**For the Year Ended  
June 30, 1998**

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Technical Analyst

July 30, 1999

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Board of Directors  
Delta Human Resource Agency  
Covington, Tennessee 38019

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Delta Human Resource Agency for the year ended June 30, 1998. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control over financial reporting and tests of compliance disclosed a deficiency, which is detailed in the Results of the Audit section of this report. The agency's management has responded to the audit finding; the response is included following the finding.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/rm  
99/059

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Delta Human Resource Agency**  
For the Year Ended June 30, 1998

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## AUDIT OBJECTIVES

The objectives of the audit were to consider the agency's internal control over financial reporting; to determine compliance with certain provisions of laws, regulations, contracts, and grants; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

## INTERNAL CONTROL AND COMPLIANCE FINDING

### **Deposits Not Adequately Collateralized**

The agency did not adequately monitor the balance of collateral securities pledged. As a result, the agency's deposits were undercollateralized 64 days, an average of \$45,256.73 (page 9).

## OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

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**Audit Report**  
**Delta Human Resource Agency**  
**For the Year Ended June 30, 1998**

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# **Delta Human Resource Agency For the Year Ended June 30, 1998**

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## **INTRODUCTION**

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### **POST-AUDIT AUTHORITY**

This is a report on the financial and compliance audit of the Delta Human Resource Agency. The audit was conducted pursuant to Section 13-26-106, *Tennessee Code Annotated*, which states:

The annual report, including financial statements, and all books of account and financial records are subject to annual audit by the comptroller of the treasury. A human resource agency may, with the prior approval of the comptroller, engage licensed independent public accountants to perform the audits.

### **BACKGROUND**

Tennessee's nine human resource agencies were created by Chapter 289 of the Public Acts of 1973, known as the Human Resource Agency Act of 1973, and operate under the authority of *Tennessee Code Annotated*, Title 13, Chapter 26, as amended. This legislation provides a regional system to deliver human resource programs in the state's counties and cities.

The Delta Human Resource Agency was established in February 1990 and comprises the following counties: Fayette, Lauderdale, and Tipton. The agency's administrative offices are in Covington, Tennessee.

### **ORGANIZATION**

The governing body of the Delta Human Resource Agency is the board of directors. As of June 30, 1998, the board was composed of 33 members. (See Appendix.)

The agency's programs are carried out by a staff under the supervision of the executive director, who is appointed by the board of directors. For the year ended June 30, 1998, the major programs in which the Delta Human Resource Agency was involved and the grantor agencies that provided the major funding for these programs are presented below.

Program  
Public Transportation for  
Nonurbanized Areas

Grantor  
Tennessee Department  
of Transportation

Community Services  
Block Grant

Tennessee Department  
of Human Services

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## AUDIT SCOPE

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The audit was limited to the period July 1, 1997, through June 30, 1998, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the year ended June 30, 1998, and for comparative purposes, the year ended June 30, 1997. The Schedules of Expenditures of Federal Awards and the Results of the Audit section are presented in accordance with the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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## OBJECTIVES OF THE AUDIT

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The objectives of the audit were

1. to consider the agency's internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with certain provisions of laws, regulations, contracts, and grants;
3. to determine the fairness of the presentation of the financial statements;
4. to determine compliance with requirements applicable to major federal programs;
5. to test controls to evaluate the effectiveness of the design and operation of internal control policies and procedures applicable to major federal programs;
6. to determine the fairness of the presentation of the Schedules of Expenditures of Federal Awards, in all material respects, in relation to the agency's financial statements taken as a whole; and
7. to recommend appropriate actions to correct any deficiencies.



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## **PRIOR AUDIT FINDINGS**

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There were no findings in the prior audit report.

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## **RESULTS OF THE AUDIT**

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### **AUDIT CONCLUSIONS**

#### Internal Control Over Financial Reporting

As part of the audit of the agency's financial statements for the year ended June 30, 1998, we considered internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. A reportable condition, along with the recommendation and management's response, is detailed in the Schedule of Findings and Questioned Costs. Consideration of internal control over financial reporting disclosed no material weaknesses.

#### Compliance

The results of our audit tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. An immaterial instance of noncompliance, along with the recommendation and management's response, is included in the Schedule of Findings and Questioned Costs.

#### Fairness of Presentation of the Financial Statements and the Schedules of Expenditures of Federal Awards

The Division of State Audit has rendered an unqualified opinion on the agency's financial statements. In our opinion, the financial statements in this report present fairly, in all material respects, the financial position of the agency at June 30, 1998, and the results of its operations for the year then ended.

Furthermore, in our opinion, the Schedules of Expenditures of Federal Awards are fairly presented, in all material respects, in relation to the agency's financial statements taken as a whole.

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

March 31, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the financial statements of the Delta Human Resource Agency as of and for the year ended June 30, 1998, and have issued our report thereon dated March 31, 1999. We conducted our audit in accordance with generally accepted government auditing standards.

Compliance

As part of obtaining reasonable assurance about whether the agency's financial statements are free of material misstatement, we performed tests of the agency's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We did, however, note an immaterial instance of noncompliance that we have included in the Schedule of Findings and Questioned Costs in this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the agency's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements.

The following reportable condition was noted:

- Deposits were not adequately collateralized.

This condition is described in the Schedule of Findings and Questioned Costs in this report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the agency's management in a separate letter.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee, the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/rm

**Report on Compliance With Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

March 31, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

Compliance

We have audited the compliance of the Delta Human Resource Agency with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. Delta Human Resource Agency's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the agency's management. Our responsibility is to express an opinion on Delta Human Resource Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted government auditing standards and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Delta Human Resource Agency's compliance with those requirements and performing such other

The Honorable John G. Morgan  
March 31, 1999  
Page Two

procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Delta Human Resource Agency's compliance with those requirements.

In our opinion, Delta Human Resource Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

#### Internal Control Over Compliance

The management of Delta Human Resource Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Delta Human Resource Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee, the board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/rm

**Delta Human Resource Agency  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1998**

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**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?        yes   X   no
- Reportable conditions identified that are not considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified?        yes   X   no
- Reportable conditions identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        yes   X   no

**Delta Human Resource Agency  
Schedule of Findings and Questioned Costs (Cont.)  
For the Year Ended June 30, 1998**

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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Public Transportation for Nonurbanized Areas
93.569	Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B: \$300,000.00

Auditee qualified as low-risk auditee?   X   Yes      no

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**Section II - Financial Statement Findings**

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**Deposits were not adequately collateralized**

**Finding**

The agency did not adequately monitor the balance of collateral securities pledged by the bank where the agency's deposits are held. Collateral securities are pledged to ensure that deposits exceeding FDIC coverage are secure.

Of the 365 daily bank balances tested from July 1, 1997, to June 30, 1998, deposits were undercollateralized a total of 64 days (17.5%), with the periods of undercollateralization ranging from 1 to 30 days per month. During these periods, undercollateralized deposits were as high as \$98,947.95 and averaged \$45,256.73.

<u>Month</u>	<u>Days of Undercollateralization</u>	<u>Average Amount of Undercollateralization</u>
November 1997	6	\$ 37,692.24
December 1997	1	\$ 7,854.62
January 1998	11	\$ 26,391.22
February 1998	2	\$ 21,088.37
March 1998	14	\$ 48,996.81
April 1998	30	\$ 54,799.59

Section 9-4-504, *Tennessee Code Annotated*, states that “a qualified public depository shall maintain required collateral to secure public deposits.” Section 9-4-105 requires that the market value of collateral pledged equal one hundred five percent (105%) of the uninsured deposits.

Although no losses were incurred as a result of the undercollateralization, agency funds that exceeded FDIC coverage and securities pledged could be lost in the event of a bank failure.

### **Recommendation**

The executive director should ensure accounting staff frequently monitor deposit balances and the value of pledged securities to ensure adequate collateral is pledged at all times.

### **Management’s Comment**

We concur that our deposits were undercollateralized for the period mentioned above, and the agency has now taken steps to see that this does not happen again. We are receiving monthly reports confirming our collateral securities, and these reports are reviewed, along with the estimated monthly deposit amounts, to ensure that we retain securities exceeding the FDIC coverage.

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## **Section III - Federal Award Findings and Questioned Costs**

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No matters were reported.



## **Independent Auditor's Report**

March 31, 1999

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying combined balance sheets of the Delta Human Resource Agency, Covington, Tennessee, as of June 30, 1998, and June 30, 1997, and the related combined statements of revenues, expenditures, and changes in fund balances for the years then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delta Human Resource Agency, Covington, Tennessee, as of June 30, 1998, and June 30, 1997, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

The Honorable John G. Morgan  
March 31, 1999  
Page Two

The Schedule of Pension Funding Progress and the Disclosure of Year 2000 Issues for Delta Human Resource Agency are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that the agency is or will become year 2000 compliant, that the agency's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the agency does business are or will become year 2000 compliant.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of expenditures of federal awards on pages 27 through 30 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the financial statements. The supplementary information on pages 32 and 33 is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 1999, on our consideration of Delta Human Resource Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/rm

**DELTA HUMAN RESOURCE AGENCY  
COMBINED BALANCE SHEETS  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1998, AND JUNE 30, 1997**

	June 30, 1998				June 30, 1997			
	Governmental Fund Types		Account Group	Totals	Governmental Fund Types		Account Group	Totals
	General	Special Revenue	General Fixed Assets	(Memorandum Only)	General	Special Revenue	General Fixed Assets	(Memorandum Only)
<b>ASSETS</b>								
Cash in bank (Note 3)	\$ 657,470.88	\$ -	\$ -	\$ 657,470.88	\$ 307,403.50	\$ -	\$ -	\$ 307,403.50
Prepaid items (Note 6)	53.17	-	-	53.17	53.17	-	-	53.17
Accounts receivable:								
Due from grantor	-	132,634.98	-	132,634.98	-	257,245.25	-	257,245.25
Due from performance-based grants	13,436.31	-	-	13,436.31	14,794.14	-	-	14,794.14
Due from special revenue fund (Note 4)	141,233.29	-	-	141,233.29	172,074.16	-	-	172,074.16
Other receivables	-	66,916.42	-	66,916.42	-	22,785.96	-	22,785.96
Total accounts receivable	154,669.60	199,551.40	-	354,221.00	186,868.30	280,031.21	-	466,899.51
Fixed assets (Note 5):								
Furniture and equipment	-	-	148,000.53	148,000.53	-	-	134,517.53	134,517.53
Vehicles	-	-	501,540.03	501,540.03	-	-	420,723.34	420,723.34
Total fixed assets	-	-	649,540.56	649,540.56	-	-	555,240.87	555,240.87
Total assets	\$ 812,193.65	\$ 199,551.40	\$ 649,540.56	\$ 1,661,285.61	\$ 494,324.97	\$ 280,031.21	\$ 555,240.87	\$ 1,329,597.05
<b>LIABILITIES, OTHER CREDITS, AND FUND BALANCES</b>								
Liabilities:								
Due to general fund (Note 4)	\$ -	\$ 141,233.29	\$ -	\$ 141,233.29	\$ -	\$ 172,074.16	\$ -	\$ 172,074.16
Accounts payable	1,753.65	10,755.46	-	12,509.11	1,359.75	66,357.98	-	67,717.73
Accrued payroll	4,211.21	17,191.31	-	21,402.52	3,781.41	14,360.30	-	18,141.71
Accrued leave	22,621.85	-	-	22,621.85	19,211.31	-	-	19,211.31
Unearned grantor revenue	2,500.00	13,936.34	-	16,436.34	500.00	9,663.58	-	10,163.58
Due to grantors	1,140.19	-	-	1,140.19	-	1,140.19	-	1,140.19
Advances payable - Tennessee Department of Human Services	-	16,435.00	-	16,435.00	36,000.00	16,435.00	-	52,435.00
Total liabilities	32,226.90	199,551.40	-	231,778.30	60,852.47	280,031.21	-	340,883.68

**DELTA HUMAN RESOURCE AGENCY  
COMBINED BALANCE SHEETS  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1998, AND JUNE 30, 1997**

	June 30, 1998				June 30, 1997			
	Governmental Fund Types		Account Group	Totals	Governmental Fund Types		Account Group	Totals
	General	Special Revenue	General Fixed Assets	(Memorandum Only)	General	Special Revenue	General Fixed Assets	(Memorandum Only)
Other credits:								
Investment in general fixed assests-special revenue fund (Note 5)	-	-	248,597.40	248,597.40	-	-	205,606.61	205,606.61
Investment in general fixed assests-general fund (Note 5)	-	-	400,943.16	400,943.16	-	-	349,634.26	349,634.26
Total other credits	-	-	649,540.56	649,540.56	-	-	555,240.87	555,240.87
Fund balances:								
Reserved fund balances (Note 6):								
Transportation	429,467.75	-	-	429,467.75	194,611.62	-	-	194,611.62
Housing Opportunities Using State Encouragement	13,043.36	-	-	13,043.36	10,185.56	-	-	10,185.56
Prepaid items	53.17	-	-	53.17	53.17	-	-	53.17
Unreserved fund balance	337,402.47	-	-	337,402.47	228,622.15	-	-	228,622.15
Total fund balances	779,966.75	-	-	779,966.75	433,472.50	-	-	433,472.50
Total other credits and fund balances	779,966.75	-	649,540.56	1,429,507.31	433,472.50	-	555,240.87	988,713.37
Total liabilities, other credits, and fund balances	\$ 812,193.65	\$ 199,551.40	\$ 649,540.56	\$ 1,661,285.61	\$ 494,324.97	\$ 280,031.21	\$ 555,240.87	\$ 1,329,597.05

See accompanying Notes to the Financial Statements.

**DELTA HUMAN RESOURCE AGENCY**  
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED JUNE 30, 1998, AND JUNE 30, 1997**

	June 30, 1998			June 30, 1997		
	General	Special Revenue	Totals (Memorandum Only)	General	Special Revenue	Totals (Memorandum Only)
<b>REVENUES</b>						
Grantor contributions	\$ -	\$ 1,316,558.91	\$ 1,316,558.91	\$ -	\$ 1,371,349.11	\$ 1,371,349.11
Performance-based income	153,442.77	-	153,442.77	119,742.05	-	119,742.05
State and local contributions	86,217.34	47,897.73	134,115.07	76,631.35	-	76,631.35
Interest income	15,767.98	-	15,767.98	7,622.61	-	7,622.61
Program income	-	524,088.77	524,088.77	-	427,538.34	427,538.34
Donation for Group Work Camp	10,000.00	-	10,000.00	-	-	-
Other income	-	1,500.00	1,500.00	12,992.70	91,361.99	104,354.69
Total revenues	265,428.09	1,890,045.41	2,155,473.50	216,988.71	1,890,249.44	2,107,238.15
<b>EXPENDITURES</b>						
Salaries	70,535.65	437,249.36	507,785.01	48,434.24	394,558.41	442,992.65
Fringe benefits	13,786.10	102,921.90	116,708.00	9,887.81	94,482.11	104,369.92
In-area travel	975.48	6,636.00	7,611.48	724.40	5,859.52	6,583.92
Out-of-area travel	3,192.89	5,075.94	8,268.83	1,227.21	2,203.52	3,430.73
Printing	653.75	3,093.55	3,747.30	438.17	3,039.55	3,477.72
Fixed asset purchase	7,031.00	87,268.69	94,299.69	34,935.88	157,863.71	192,799.59
Telephone	2,032.80	10,548.10	12,580.90	977.06	8,917.96	9,895.02
Dues, subscriptions, publications	1,945.00	200.00	2,145.00	1,990.00	217.50	2,207.50
Contracted services	1,483.45	70,053.95	71,537.40	1,229.33	74,799.88	76,029.21
Supplies	8,683.24	9,344.09	18,027.33	1,656.56	11,140.78	12,797.34
Maintenance	-	48,000.50	48,000.50	68.00	53,970.85	54,038.85
Vehicle fuel and maintenance	-	57,618.63	57,618.63	-	62,142.69	62,142.69
Training and technical assistance	867.56	3,996.86	4,864.42	800.92	4,106.55	4,907.47
Building and equipment rent	3,865.05	31,382.20	35,247.25	3,997.10	31,322.94	35,320.04
Food	1,345.78	15,193.94	16,539.72	420.70	17,102.37	17,523.07
Utilities	858.11	3,440.35	4,298.46	526.57	2,847.91	3,374.48
Postage	1,962.32	1,266.71	3,229.03	1,430.16	1,237.40	2,667.56
Insurance premiums	232.54	14,612.39	14,844.93	178.64	14,776.72	14,955.36
Client services program assistance	-	644,628.91	644,628.91	-	643,058.77	643,058.77
Leasehold improvements	-	-	-	-	722.25	722.25
Professional services	-	678.73	678.73	-	2,579.04	2,579.04
Audit	1,560.00	10,440.00	12,000.00	1,680.00	10,320.00	12,000.00
Annual leave expense	3,410.54	-	3,410.54	6,257.84	-	6,257.84
Indirect costs	9,858.26	110,915.95	120,774.21	8,609.15	122,987.03	131,596.18
Other	132.98	-	132.98	32.48	-	32.48
Total expenditures	134,412.50	1,674,566.75	1,808,979.25	125,502.22	1,720,257.46	1,845,759.68
Excess (deficiency) of revenues over (under) expenditures.	131,015.59	215,478.66	346,494.25	91,486.49	169,991.98	261,478.47
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer of local unreserved funds to supplement grant expenditures	(22,235.27)	22,235.27	-	(34,805.20)	34,805.20	-
Transfer of special revenue funds to set up reserve for Transportation	234,856.13	(234,856.13)	-	194,611.62	(194,611.62)	-
Transfer of special revenue funds to set up reserve for Housing Opportunities Using State Encouragement	2,857.80	(2,857.80)	-	10,185.56	(10,185.56)	-
Total other financing sources (uses)	215,478.66	(215,478.66)	-	169,991.98	(169,991.98)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	346,494.25	-	346,494.25	261,478.47	-	261,478.47
Fund balance, July 1	433,472.50	-	433,472.50	171,994.03	-	171,994.03
Fund balance, June 30	\$ 779,966.75	\$ -	\$ 779,966.75	\$ 433,472.50	\$ -	\$ 433,472.50

See accompanying Notes to the Financial Statements

**Delta Human Resource Agency  
Notes to the Financial Statements  
June 30, 1998, and June 30, 1997**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Delta Human Resource Agency was established in 1990 in accordance with *Tennessee Code Annotated*, Title 13, Chapter 26, as amended. This legislation provides a regional system to deliver human resource programs in the state's counties and cities. It is governed by a 34-member board consisting of the county executives and mayors within the area the agency serves, one state senator and one state representative, whose districts lie wholly or in part within the area the agency serves, and members appointed by the county executive—one from each county served by the agency. For financial reporting purposes, the agency includes all activities over which the board of directors is financially accountable.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**Fund Structure, Basis of Accounting, and Measurement Focus**

The agency's financial records are maintained on the cash basis of accounting. At year-end, the books are adjusted to the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred.

The agency's accounts are organized and operated on the basis of fund types and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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The agency's financial activities reported in the accompanying financial statements are classified into two fund types and one account group:

Governmental Fund Types

*General Fund*—used to account for all resources not accounted for in another fund.

*Special Revenue Fund*—used to account for resources received under the cost-reimbursement grant agreements.

Account Group

*General Fixed Assets Account Group (GFAAG)*—used to account for all the agency's fixed assets. The GFAAG is not a fund, but rather a management control and accountability listing of the agency's general fixed assets.

Fixed assets are recorded at acquisition cost and are shown as expenditures at the time of purchase. They are not depreciated. Donated fixed assets are recorded at estimated fair market value at the date of donation.

**Budgetary Process**

The agency does not have an annual appropriated budget. The grant documents serve as the financial plans for budgetary purposes.

**Totals (Memorandum Only)**

The total columns of the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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**NOTE 2. CONTINGENCIES**

Sick Leave - The agency records the cost of sick leave when paid; therefore, there is no liability in the accompanying financial statements for unpaid accumulated sick leave. Since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The amount of unused sick leave was \$35,759.85 at June 30, 1998, and \$27,532.31 at June 30, 1997.

**NOTE 3. DEPOSITS**

Deposits with financial institutions are required to be categorized to indicate the level of risk assumed by the agency. Category 1 consists of deposits that are insured or collateralized with securities held by the agency or by its agent in the agency's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the agency's name. Category 3 deposits are uncollateralized. This category includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the agency's name.

At June 30, 1998, the carrying amount of the agency's deposits was \$657,470.88 and the bank balance was \$755,171.66. The entire bank balance was category 1. From November 25, 1997, through April 28, 1998, the agency had uncollateralized amounts as high as \$59,036.38. The laws of the State of Tennessee require that collateral be pledged to secure all uninsured deposits and that the market value of collateral pledged equal 105% of the uninsured deposits.

At June 30, 1997, the carrying amount of the agency's deposits was \$307,403.50 and the bank balance was \$454,081.49. The entire bank balance was category 1.

**NOTE 4. INTERFUND RECEIVABLE/PAYABLE ACCOUNTS**

These accounts represent the amount owed the general fund by the special revenue fund because operating cash had been transferred to the special revenue fund to cover its negative cash balance at year-end.



**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

**NOTE 5. FIXED ASSETS**

The following changes in general fixed assets occurred during the year ended June 30, 1998:

	<u>Balance July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1998</u>
Furniture and equipment	\$ 134,517.53	\$ 13,483.00	\$ -	\$ 148,000.53
Vehicles	<u>420,723.34</u>	<u>80,816.69</u>	<u>-</u>	<u>501,540.03</u>
Totals	<u>\$ 555,240.87</u>	<u>\$ 94,299.69</u>	<u>\$ -</u>	<u>\$ 649,540.56</u>

The following changes in general fixed assets occurred during the year ended June 30, 1997:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1997</u>
Furniture and equipment	\$ 69,199.63	\$ 65,317.90	\$ -	\$ 134,517.53
Vehicles	<u>293,241.65</u>	<u>127,481.69</u>	<u>-</u>	<u>420,723.34</u>
Totals	<u>\$ 362,441.28</u>	<u>\$ 192,799.59</u>	<u>\$ -</u>	<u>\$ 555,240.87</u>

**NOTE 6. RESERVED FUND BALANCE**

The reserved fund balance as of June 30, 1998, was \$442,564.28. This amount includes \$13,043.36 of funds for the Housing Opportunities Using State Encouragement (HOUSE) program. These HOUSE program funds are remittances from clients that the agency must use for rehabilitation or as down payment costs for other clients in future grant periods.

The second component of the reserved fund balance was the accumulation of TennCare transportation revenues and other third-party payers for the payment of Transportation costs. At June 30, 1998, a reserve of \$429,467.75 was established to fund future Rural Transportation program costs.

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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The third component of the reserved fund balance at June 30, 1998, was \$53.17 for prepaid items. This consisted of prepayment for the fiscal year for a post office box in Covington, Tennessee.

The reserved fund balance as of June 30, 1997, was \$204,850.35. This amount includes \$10,185.56 of funds for the Housing Opportunities Using State Encouragement (HOUSE) program. These HOUSE program funds are remittances from clients that the agency must use for rehabilitation or as down payment costs for other clients in future grant periods.

The second component of the reserved fund balance was the accumulation of TennCare transportation revenues and other third-party payers for the payment of Transportation costs. At June 30, 1997, a reserve of \$194,611.62 was established to fund future Rural Transportation program costs.

The third component of the reserved fund balance at June 30, 1997, was \$53.17 for prepaid items. This consisted of prepayment for the fiscal year for a post office box in Covington, Tennessee.

**NOTE 7. OPERATING LEASES**

The agency leases office space to carry out its activities and to administer the various grant programs. The lease, which expires June 30, 1998, requires monthly rental payments of \$1,400.00. During the year ended June 30, 1998, the agency rented 3,750 square feet of office space at a cost of \$16,800.00. Payments for other leases during the year totaled \$23,346.04.

During the year ended June 30, 1997, the agency rented office space at a cost of \$17,760.00. Payments for other leases during that year totaled \$22,789.03.

All leases are cancelable at the agency's option.

**NOTE 8. LEASEHOLD IMPROVEMENTS**

During the year ended June 30, 1998, the agency did not expend any funds for leasehold improvements.

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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During the year ended June 30, 1997, the agency expended \$722.25 for leasehold improvements. Expenditures of \$722.25 were payments for the Public Transportation for Nonurbanized Areas Program's building, painting, and repairing. The agency leases the building in which the dispatch offices of the program are located in Covington, Tennessee.

**NOTE 9. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

Full-time employees are members of the Political Subdivision Pension Plan (PSPP), an agent, multiple-employer, defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS administers a defined benefit pension plan that provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established in state statute found in Title 8, Chapters 34-37, *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Amendments to the TCRS are not applicable to a political subdivision unless approved by the political subdivision's governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Department of the Treasury, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230, or by calling (615) 741-8202.

**B. Funding Policy**

The agency is contributory whereby most employees contribute 5% of earnable compensation, and the employer is responsible for the remaining contribution. A small number of employees in special classifications are required to contribute at a higher rate.

The agency is required to contribute an actuarially determined rate; the rate for the fiscal year ending June 30, 1998, was 5.71% of annual covered payroll. The contribution requirements of plan members are set by state statute and approved by the political subdivision's governing board. Contribution requirements for the agency are established and may be amended by the TCRS Board of Trustees.

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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**C. Annual Pension Cost**

The agency's annual pension cost of \$29,341.23 for fiscal year 1998 met the agency's required contribution.

The required contribution was determined as part of the June 30, 1995, actuarial valuation using the frozen initial liability actuarial cost method, a projected-benefit cost method. Significant actuarial assumptions used include (a) rate of return on investment of present and future assets of 8% a year compounded annually, (b) projected salary increases of 7% a year (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 6% annual increase in the social security wage base, and (d) projected post-retirement benefit increases of 3% of the retiree's initial benefit. The actuarial value of the agency's assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. Amortized book value is used for fixed-income securities. The agency's unfunded actuarial accrued liability is being amortized as a level-dollar amount of projected payroll on a closed basis. The remaining amortization period at June 30, 1995, was 29 years.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$29,341.23	100%	\$0.00
June 30, 1997	\$21,136.45	100%	\$0.00

Information is shown only for the years available. Information for additional years will be shown as it becomes available.

**NOTE 10. RISK MANAGEMENT**

The agency participates in the Tennessee Municipal League (TML) Risk Management Pool for the following risks of loss: commercial general liability; theft of, damage to, or destruction of real and personal property; employee dishonesty; bodily injury, property damage, physical damage, and personal injury liability for vehicle operation; and workers' compensation and employer's liability. The agency's agreement with the TML Risk Management Pool provides for payment of annual premiums. The

**Delta Human Resource Agency**  
**Notes to the Financial Statements (Cont.)**  
**June 30, 1998, and June 30, 1997**

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agreement also provides for refunds to members and additional member assessments. Additional member assessments are based on the experience of the pool. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The agency elected to provide basic health, dental, life, accident, and cancer insurance coverage for its employees through commercial insurance policies. The agency's obligation for all coverage selected by employees is limited to \$75 per month per employee.

**NOTE 11. DONATED SERVICES**

Some equipment purchases for the program are done through the use of Section 18 funds, in which the grantee pays 10% of the costs. Section 18 purchases are recorded as donations on the agency's financial statements for the amount that is funded by the Department of Transportation.

For the year ended June 30, 1997, the agency recorded \$31,460.00 as contributions from the use of Section 18 funds.

**Delta Human Resource Agency  
Required Supplementary Information  
Schedule of Pension Funding Progress**

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(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Funding Excess) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Funding Excess) AAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/97	\$118	\$159	\$41	74.21%	\$370	11.08%

Information is shown only for the years available. Information for additional years will be shown as it becomes available.

Changes in Actuarial Assumptions

An actuarial valuation was performed as of June 30, 1997, to establish subsequent contribution rates. As a result of the June 30, 1996, experience study, significant actuarial assumptions used in the valuation included (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 5.5% a year (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries) compounded annually, (c) projected 4.5% annual increase in the social security wage base, and (d) projected post-retirement increases of 3% annually of the retiree's initial benefit. The actuarial assumptions set forth in (a), (b), and (c) above for the June 30, 1997, valuation differ from the assumptions used in the June 30, 1995, valuation. The June 30, 1997, actuarial valuation also utilized a different methodology for the actuarial value of assets. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period.

**Delta Human Resource Agency  
Required Supplementary Information (Cont.)  
Disclosure of Year 2000 Issues**

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The Year 2000 Issue (Y2K) arises because many computer software programs allocate two digits to the data field for “year” with the assumption that the first two digits will be “19.” Such programs will thus interpret the year 2000 as the year 1900, the year 2001 as 1901, etc., absent programming logic to the contrary. Y2K affects both computer hardware (i.e., the embedded logic of computer chips) and computer software, and could affect both the ability to enter data into computer programs and the ability of such programs to correctly process data.

Delta Human Resource Agency has examined the impact of Y2K on its computer systems and other electronic equipment critical to conducting operations as of June 30, 1998. “Computer systems” are defined as both (1) programmed application systems that provide fiscal and administrative services and (2) supporting hardware and software computer systems infrastructure upon which the application systems reside and are processed. “Other electronic equipment” is defined as any electronic hardware with embedded processors such as fax machines and telephone systems.

The agency has identified three computer systems and other equipment critical to conducting operations which are under the agency’s administration. The agency is subjecting those systems to the following stages of work to address Y2K issues.

- Awareness stage*— Establishing a budget and project plan for dealing with the Y2K issue.
- Assessment stage*— Identifying the systems and components for which Y2K compliance work is needed.
- Remediation stage*— Making changes to systems and equipment.
- Validation/testing stage*—Validating and testing the changes that were made during the remediation stage.

As of June 30, 1998, the agency was in the awareness stage for each of these systems. The agency expects to complete the remaining stages of work by June 30, 1999. However, completion of these stages will not guarantee that systems and equipment will be Y2K compliant.

The agency has begun soliciting information from other organizations regarding the status of their assessment, remediation, and testing of their computer systems whose Y2K compliance could affect the agency’s operations. Of the organizations that have responded to date, all expect to achieve compliance in a manner that will not have a materially negative effect on the agency’s operations or financial status, although no assurances can be given that circumstances will not

**Delta Human Resource Agency  
Required Supplementary Information (Cont.)  
Disclosure of Year 2000 Issues**

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change. The agency does not have full and complete information from these other organizations regarding the status of implementing Y2K compliance. Any failure by some or all of these organizations to be in Y2K compliance may have a materially negative impact on the agency's operations or financial status.

The agency's Y2K initiatives did not result in the commitment of significant financial resources as of the end of the reporting period. The agency is not aware of any circumstances or significant costs to achieve Y2K compliance that will have a negative impact on the operations or financial status of the agency.



**Delta Human Resource Agency**  
**Schedule of Expenditures of Federal Awards - Cost-Reimbursement Assistant**  
**For the Year Ended June 30, 1998**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998	
U.S. Department of Agriculture: Pass-Through Program From: Tennessee Department of Human Services Summer Food Service Program for Children	10.559	30027	\$ (11,546.00)	\$ 22,283.00	\$ -	\$ -	\$ 10,737.00	\$ -	\$ -	\$ -	-	
	10.559	30027	-	12,704.00	-	-	20,877.00	-	-	-	(8,173.00)	(2)
Subtotal - 10.559			<u>(11,546.00)</u>	<u>34,987.00</u>	<u>-</u>	<u>-</u>	<u>31,614.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,173.00)</u>	
Pass-Through Program From: Tennessee Department of Agriculture Emergency Food Assistance Program (Administrative Costs)	10.568	Z-97-081320-00	(4,513.15)	12,561.00	-	-	8,047.85	-	-	-	-	
	10.568	Z-98-086054-00	-	20,789.52	-	-	25,059.68	-	-	-	(4,270.16)	(2)
Subtotal - 10.568			<u>(4,513.15)</u>	<u>33,350.52</u>	<u>-</u>	<u>-</u>	<u>33,107.53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,270.16)</u>	
Total U.S. Department of Agriculture			<u>(16,059.15)</u>	<u>68,337.52</u>	<u>-</u>	<u>-</u>	<u>64,721.53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,443.16)</u>	
U.S. Department of Housing and Urban Development: Pass-Through Program From: Tennessee Housing Development Agency HOME Investment Partnership Program	14.239	HM-95-007	(23,555.02)	310,050.26	-	-	290,707.21	-	-	-	(4,211.97)	(2)
Total U.S. Department of Housing and Urban Development			<u>(23,555.02)</u>	<u>310,050.26</u>	<u>-</u>	<u>-</u>	<u>290,707.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,211.97)</u>	
U.S. Department of Transportation: Pass-Through Program From: Tennessee Department of Transportation Public Transportation for Nonurbanized Areas	20.509	Z-97-078752-00	(25,766.06)	25,766.06	-	-	-	-	-	-	-	
	20.509	Z-98-083475-00	-	262,967.40	-	-	321,962.71	-	-	-	(58,995.31)	(2)
Total U.S. Department of Transportation			<u>(25,766.06)</u>	<u>288,733.46</u>	<u>-</u>	<u>-</u>	<u>321,962.71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,995.31)</u>	
U.S. Department of Energy: Pass-Through Program From: Tennessee Department of Human Services Weatherization Assistance for Low Income Persons	81.042	Z-97-079269-00	(63,115.41)	61,722.81	-	1,392.60	-	-	-	-	-	
	81.042	Z-98-083137-00	-	64,680.02	-	-	90,403.51	-	-	-	(25,723.49)	(2)
	81.042	(Advance Payable)	3,254.00	-	-	-	-	-	-	-	3,254.00	(3)
Total U.S. Department of Energy			<u>(59,861.41)</u>	<u>126,402.83</u>	<u>-</u>	<u>1,392.60</u>	<u>90,403.51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,469.49)</u>	
Federal Emergency Management Agency: Emergency Food and Shelter National Board Program	83.523	15-7718-00	4,529.85	-	-	-	4,443.10	86.75	-	-	-	
	83.523	15-7794-00	5,133.73	-	-	-	5,029.10	104.63	-	-	-	
	83.523	16-7718-00	-	11,561.00	-	-	5,981.64	-	-	-	5,579.36	(4)
	83.523	16-7794-00	-	14,500.00	-	-	6,197.60	-	-	-	8,302.40	(4)

**Delta Human Resource Agency**  
**Schedule of Expenditures of Federal Awards - Cost-Reimbursement Assistance**  
**For the Year Ended June 30, 1998**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Expenditures (1)	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
Total Federal Emergency Management Agency			<u>9,663.58</u>	<u>26,061.00</u>	<u>-</u>	<u>-</u>	<u>21,651.44</u>	<u>191.38</u>	<u>-</u>	<u>-</u>	<u>13,881.76</u>
U.S. Department of Health and Human Services: Pass-Through Programs From: Tennessee Department of Human Services Low-Income Home Energy Assistance	93.568	GR-5-09548-5-04	1,140.19	-	-	-	-	-	-	-	1,140.19 (5)
	93.568	Z-97-079289-00	(60,234.81)	59,015.25	-	1,303.90	-	84.34	-	-	-
	93.568	Z-98-083157-00	-	318,602.69	-	-	318,548.11	-	-	-	54.58 (4)
Subtotal - 93.568			<u>(59,094.62)</u>	<u>377,617.94</u>	<u>-</u>	<u>1,303.90</u>	<u>318,548.11</u>	<u>84.34</u>	<u>-</u>	<u>-</u>	<u>1,194.77</u>
Community Services Block Grant	93.569	Z-97-079248-00	(68,514.80)	68,507.56	-	2,017.24	-	2,010.00	-	-	-
	93.569	Z-98-083076-00	-	182,017.09	-	-	213,278.14	-	-	-	(31,261.05) (2)
	93.569	(Advance Payable)	13,181.00	-	-	-	-	-	-	-	13,181.00 (3)
Subtotal - 93.569			<u>(55,333.80)</u>	<u>250,524.65</u>	<u>-</u>	<u>2,017.24</u>	<u>213,278.14</u>	<u>2,010.00</u>	<u>-</u>	<u>-</u>	<u>(18,080.05)</u>
Total U.S. Department of Health and Human Services			<u>(114,428.42)</u>	<u>628,142.59</u>	<u>-</u>	<u>3,321.14</u>	<u>531,826.25</u>	<u>2,094.34</u>	<u>-</u>	<u>-</u>	<u>(16,885.28)</u>
Total Federal Awards - Cost-Reimbursement Assistance			\$ <u>(230,006.48)</u>	\$ <u>1,447,727.66</u>	\$ <u>-</u>	\$ <u>4,713.74</u>	\$ <u>1,321,272.65</u>	\$ <u>2,285.72</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(101,123.45)</u>

## Notes:

- (1) This schedule reflects only the grantor's share of the expenditures.
- (2) This balance represents an amount due from the grantor. The total amount due from grantor was \$132,634.98 as of June 30, 1998. See Exhibit A.
- (3) This balance represents an advance payable to the grantor. The total amount of advances payable in the special revenue fund was \$16,435.00 as of June 30, 1998. See Exhibit A.
- (4) This balance represents unearned grantor revenue. The total amount of unearned grantor revenue was \$13,936.34 as of June 30, 1998. See Exhibit A.
- (5) This balance represents Low-Income Home Energy Assistance Program refunds due to the grantor. The total amount due to grantor was \$1,140.19 as of June 30, 1998. See Exhibit A.

**Delta Human Resource Agency**  
**Schedule of Expenditures of Federal Awards - Performance-Based Assistance**  
**For the Year Ended June 30, 1998**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Cash Receipts	Transfers In	Other Additions	Amount Earned	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998
U.S. Department of Health and Human Services: Pass-Through Program From: Tennessee Department of Human Services Child Care Broker Program	93.560 93.574 93.575 93.667										
		GR-3-08103-3-09	\$ (14,794.14)	\$ 25,852.30	\$ -	\$ -	\$ 11,058.16	\$ -	\$ -	\$ -	\$ -
		GR-3-08103-3-11	-	128,948.30	-	-	142,384.61	-	-	-	(13,436.31)
		(Advance Payable)	36,000.00	-	-	-	-	36,000.00	-	-	-
Total Federal Performance-Based Assistance			\$ <u>21,205.86</u>	\$ <u>154,800.60</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>153,442.77</u>	\$ <u>36,000.00</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(13,436.31)</u>

Note:

(1) This balance represents an amount due from performance-based grants. The total amount due from performance-based grants was \$13,436.61 as of June 30, 1998. See Exhibit A.

**Delta Human Resource Agency**  
**Schedule of Expenditures of Federal Awards - Noncash Assistance (1)**  
**For the Year Ended June 30, 1998**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Grant Number	Balance July 1, 1997	Receipts	Transfers In	Other Additions	Expenditures/ Issues	Paid to Grantor	Transfers Out	Other Deductions	Balance June 30, 1998	
U.S. Department of Agriculture: Pass-Through Program From: Tennessee Department of Agriculture												
Emergency Food Assistance Program (Food Commodities)	10.569	Z-97-081320-000	\$ 5,250.04	\$ 36,424.55	\$ -	\$ -	\$ 23,440.69	\$ -	\$ 18,233.90	\$ -	\$ -	
	10.569	Z-98-081605-000	-	86,993.81	18,233.90	-	60,874.52	-	-	248.82	44,104.37	
Total Noncash Assistance			<u>\$ 5,250.04</u>	<u>\$ 123,418.36</u>	<u>\$ 18,233.90</u>	<u>\$ -</u>	<u>\$ 84,315.21</u>	<u>\$ -</u>	<u>\$ 18,233.90</u>	<u>\$ 248.82</u>	<u>\$ 44,104.37</u>	(2)

Notes:

(1) This schedule represents the fair value of noncash assistance.

(2) This balance represents the undistributed noncash assistance as of June 30, 1998.

**Delta Human Resource Agency**  
**Note to the Schedules of Expenditures of Federal Awards**  
**June 30, 1998**

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**BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards include the federal grant activity of Delta Human Resource Agency and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Delta Human Resource Agency**  
**Schedule of Indirect Costs**  
**For the Year Ended June 30, 1998**

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Salaries	\$ 86,733.41
Fringe benefits	15,578.47
Travel	2,190.60
Supplies and printing	1,635.33
Telephone	1,554.42
Insurance	314.25
Utilities	765.14
Rent	4,898.79
Postage	594.06
Miscellaneous	2.00
Contracted services	5,511.58
Memberships	49.00
Training and seminars	<u>947.16</u>
Total	\$ <u>120,774.21</u>

**Delta Human Resource Agency**  
**Schedule of General Fund Revenues and Expenditures**  
**For the Year Ended June 30, 1998**

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	<u>Revenues</u>	<u>Expenditures</u>
Contract:		
Child Care Broker Services	\$ 153,442.77	\$ 87,846.93
Noncontract:		
State contribution	70,000.00	
County per-capita	15,135.15	
Interest income	15,767.98	
Local contribution	1,082.19	
Donation for Group Work Camp	10,000.00	
Total noncontract	<u>111,985.32</u>	<u>46,565.57</u>
Total	<u>\$ 265,428.09</u>	<u>\$ 134,412.57</u>

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## APPENDIX

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### DELTA HUMAN RESOURCE AGENCY

John V. Snead, Executive Director

#### BOARD OF DIRECTORS

##### Board Officers

Jeff Huffman, Tipton County Executive, Chair  
Rozelle Criner, Lauderdale County Executive, Vice Chair  
Billy Wilson, Treasurer

##### Policy Council Members

Mr. Jim Voss, Fayette County Executive  
Ms. Bessie Jones, Fayette County  
Ms. Nan Green, Representative Member,  
Fayette County

Mayor Fred Montgomery, City of Henning  
Mr. Charles Cutlip, Lauderdale County  
Mr. Robert Noell, Tipton County

##### Other Members of the Board of Directors

###### Fayette County

Mayor Lisa C. Tapp, Braden  
Mayor Larry D. Fisher, Gallaway  
Mayor Lucy Cogbill, La Grange  
Mayor William Mullins, Oakland  
Mayor Calvin “Red” Oliver, Moscow  
Mayor James C. Gaither, Sr., Rossville  
Mayor Bob Doll, Somerville  
Mayor Luther Cannon, Williston  
Mayor John Huffman, Piperton

###### Tipton County

Mayor Russell Bailey, Covington  
Mayor John Chorley, Munford  
Mayor Susie Smith, Garland  
Mayor Charles Walker, Atoka  
Mayor Jimmy Burlison, Burlison  
Mayor Joe D. Ward, Mason  
Mayor Dewayne Huffman, Gilt Edge  
Mayor Gus Smith, Brighton  
Ms. Patsy Fee, Representative Member

###### Lauderdale County

Mayor Eugene Pugh, Halls  
Mayor Brenda Carter, Gates  
Mayor Richard Douglas, Ripley  
Mr. Michael Moore, Representative Member

###### State Legislative Members

Senator Tom Leatherwood, Millington  
Representative James O. Naifeh, Covington